

## Message Text

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ACTION AF-07

INFO OCT-01 ISO-00 EB-07 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

USIA-06 PRS-01 NEA-06 /089 W  
----- 010438

R 101030Z DEC 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 9117

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E.O. 11652: NA

TAGS: ENRG US SU PFOR

SUBJ: CHEVRON OIL EXPLORATION IN THE SUDAN

REF: KHARTOUM 2361

1. SUMMARY: CHEVRON HAS OBTAINED CONCESSIONS FOR OIL EXPLORATION OVER VAST AREAS OF SUDAN. WHILE CAUTIOUS, COMPANY REPS BELIEVE PROSPECTS WARRANT SIZEABLE INVESTMENT. TEXACO WILL SHARE ONLY IN SMALL RED SEA CONCESSIONS. AWARD OF CONTRACT REFLECTS SUDANESE RESPECT FOR US TECHNOLOGY WHICH SHOULD FURTHER BENEFIT AMERICAN BUSINESS IF OIL IS DISCOVERED. END SUMMARY.

2. CHEVRON (STANDARD OIL OF CALIFORNIA) OVERSEAS PRESIDENT NELSON AND GOS MININDUSTRY AND MINING MUSA AWAD BALLAL FORMALLY SIGNED DEC 4 AGREEMENT GRANTING CHEVRON SIX-YEAR EXPLORATION CONCESSION FOR AREAS TALLING ABOUT 550,000 SQUARE KILOMETERS, LARGELY IN SOUTH-CENTRAL SUDAN. CEREMONY, PLUS A LATER COURTESY CALL ON PRESIDENT NIMEIRI, RECEIVED PROMINENT BUT NOT EXTENSIVE MEDIA ATTENTION, LIMITED OFFICIAL USE

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PRESUMABLY IN KEEPING

WITH NIMEIRI'S STATED DESIRE THAT FALSE  
HOPES NOT BE AROUSED. AMBASSADOR WAS INVITED BY GOS ATTEND  
SIGNING CEREMONY BUT DECLINED BE INCLUDED IN PHOTOGRAPH.

3. IN PRIVATE, CHEVRON REPS (WHO STRESSED THEY WERE  
SPEAKING IN CONFIDENCE) BETRAYED CONSIDERABLE ENTHUSIASM  
FOR THEIR CONCESSION. NOTING HOW UNUSUAL IT WAS TO FIND  
SUCH LARGE QUOTE VIRTUALLY UNEXPLORED UNQUOTE AREA IN  
WORLD, THEY DECLARED THEIR INTENTION TO PROCEED QUICKLY  
WITH THE WORK, WHICH THEY ESTIMATE WILL COST \$30 MILLION  
OVER THE SHORT SIX YEAR PERIOD ALLOTTED TO THEM FOR  
EXPLORATION. THEY SAID MINIMUM SPENDING REQUIREMENT  
MAKES IT CERTAIN THEY WILL DRILL, EVEN IF SIGNS NOT  
TERRIBLY ENCOURAGING. UNDER AGREEMENT, 25 PERCENT  
AREA MUST BE RELINQUISHED WITHIN YEAR AND 12 AND  
ONE-HALF EVERY YEAR THEREAFTER. CONTRARY TO A STATEMENT  
MADE EARLIER TO EMBASSY (REFTEL), THE VISITORS CLEARLY  
REGARD INLAND AREA AS MORE EXCITING. AERIAL RECONNAISSANCE  
REVEALED THE PERCENTAGE OF DRY LAND IN SOUTH TO BE FAR GREATER THAN  
ANTICIPATED. WHILE RED SEA AREA MAY BE GEOLOGICALLY  
MORE PROMISING, EXPLOITATION OF OIL FOUND THERE WOULD  
PROBABLY BE EXTREMELY EXPENSIVE, THE AVERAGE DEPTH  
OF THE WATER IN THE CONCESSION AREA BEING 1,500 FEET,  
WHILE THE INTERIOR AREA IS A QUOTE LONG SHOT UNQUOTE  
PRIMARILY IN THE SENSE THAT PRACTICALLY NOTHING IS KNOWN  
ABOUT IT. THE SERIOUSNESS OF CHEVRON'S INTENTIONS IS  
DEMONSTRATED BY THE FACT THAT IT UNDERTOOK TO MAKE AVAILABLE  
\$200,000 ANNUALLY JUST FOR SCHOLARSHIPS TO SUDANESE AND  
THAT IT PRESENTED PRESIDENT NIMEIRI WITH A BONUS CHECK OF  
\$100,000 QUOTE FOR THE BEAUTIFICATION OF KHARTOUM  
UNQUOTE.

4. CHEVRON REP INDICATED THAT TEXACO HAS DECIDED TO  
EXERCISE OPTION TO JOIN CHEVRON ON A 50-50 BASIS IN  
THE RED SEA AREA ONLY. CHEVRON, IN TURN, HAS QUOTE  
FARMED INTO UNQUOTE RED SEA CONCESSION HELD BY THE  
UK FIRM BALL AND COLLINS TO EXTENT OF 75 PERCENT.

5. COMMENT: GOS HAS LONG SOUGHT INVOLVE ONE OF  
THE MAJORS IN ITS OIL EXPLORATION PROGRAM, AND  
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CHEVRON'S OFFER WAS APPARENTLY THE BEST. CHOICE  
SERVES AS A REMINDER OF SPECIAL RESPECT US TECHNOLOGY  
ENJOYS HERE. IF OIL IS FOUND IN COMMERCIAL QUANTITIES,  
THAT RESPECT IS LIKELY TO GROW EVEN MORE AND WITH IT  
THE CHANCES FOR AMERICAN BUSINESSMEN TO BENEFIT FROM  
RESULTING COMMERCIAL OPPORTUNITIES. MEANWHILE, CHEVRON  
MUST NOW MOVE RAPIDLY THROUGH CONTRACT GEOPHYSICAL  
WORK TO PROVE OUT CONCESSION AND BEGIN DRILLING PRIOR

OPERATION MAJOR RELINQUISHMENT CLAUSE IN CONTRACT.  
BREWER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, EXPLORATION, EXPLORATORY DRILLING  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974KHARTO02760  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740358-0005  
**From:** KHARTOUM  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1974/newtext/t19741248/aaaabonk.tel  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
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**Previous Handling Restrictions:** n/a  
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